

South Dakota's Long-Term Care Partnership Program

*Knowing your options today
Planning for tomorrow
Looking ahead for the future*



South Dakota's
Long-Term Care
Partnership Program

Administered by the Department of Social Services and the Division of Insurance.

Our objective: Address key **questions** and empower **you** to **make** informed **decisions**.

Isn't Long-Term Care just for older folks?

Isn't Long-Term Care the same as a nursing home?

Does the government pay for LTC in my home?

Doesn't health insurance pay for Long-Term Care costs?

Doesn't disability insurance pay for Long-Term Care costs?

Can't I just save some money and pay for my Long-Term Care costs?

How does a Long-Term Care Partnership insurance policy work?

How do I know I am getting a good policy?

????????????

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Planning ahead can make a big difference for you and your family!

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Why is it such a hot topic?

Media Attention: Time, Newsweek, USA Today

2/3 will need supportive care after age 65

2 in 5 of us will need Long-Term Care in facility

Compare to odds of:

House burning down: 1 in 700

Wrecking your car: 1 in 50

Not just for elderly: 40% of people receiving LTC are working age (under 65)

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What is long term care?

A wide range of services provided to people needing continued help with Activities of Daily Living (ADLs)

ADLs (as defined by insurance industry):

- Bathing
- Dressing
- Eating
- Toileting
- Transferring from/to bed or chair; walking
- Continence

Over 12 million people need help every day with ADLs

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Long Term Care Settings

Usually part-time or intermittent:

Own Home

Community

24-hour care:

Assisted Living

Nursing Home

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Cost of Long Term Care:

(Average cost of a nursing home in SD in 2008)

- \$143 a day
- nearly \$53,000 a year
- average stay to over \$130,000 (2.5 years in SD)

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Who will pay?

- Health Insurance?
- Disability Insurance?
- Medicare?
- You?
- Long-Term Care Insurance?



Do you have to be at least 65 years old? (NO)

Do you have to be in a hospital first? (NO)

Do you have to be out of work? (NO)

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Health Insurance

- Group or Individual Plan
- Tries to cure or stabilize you
- Pays for skilled care from someone who typically has a license (MD, RN, Physical Therapist)
- May have short term aftercare benefit
- Co-pays and deductibles apply

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Does Health Insurance cover Long Term Care?

Language from actual policies:

“Exclusions: Custodial care”

“Medical care not covered: Custodial Care or Rest Cures”

“Exclusions: Custodial care, except for covered hospice care”

Health insurance **does not** pay for long term care

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Does Short-Term or Long-Term Disability Insurance cover Long Term Care?

“Paycheck insurance” if you can’t work.

Replaces part of your paycheck (50% to 66%)

Disability Insurance typically **does not** pay to have someone take care of you

May have exclusionary or elimination period

Disability insurance **does not** pay for long term care

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Does Medicare cover Long-Term Care?

- Health Insurance for individuals 65 and older or with disabilities
- Covers skilled care in a skilled nursing home and limited skilled services (nursing, therapies, etc.) at home
- Usually no benefits for personal or custodial care
- Provides limited assistance in a program of long-term care
- Co-payments and deductibles apply

Quote from NAIC LTC booklet:

“Medicare does not cover long-term care.”

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Does Medicaid cover Long-Term Care?

- Covers 44% of LTC costs in USA --with strict financial and medical guidelines
- Federal & state program providing health care for low income individuals, families and children
- No routine coverage for custodial care in home
(Medicaid can cover in-home health care for medical necessity with physician orders) Two specific programs—part-time care
- Federal law requires recovery from the recipient's estate

SD Medicaid Contact Information:

Phone: 1-800-597-1603

Web: www.dss.sd.gov

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Long-Term Care Insurance

Provides for personal care, custodial care, supervision

When licensed health care provider says you:

cannot perform at least **2 of 6 Activities of Daily Living (ADLs)** for a period expected to last at least 90 days

OR

have a **severe cognitive impairment** that makes you unable to meet your own needs and it is expected to last at least 90 days

May have a deductible or exclusionary or elimination period before payment

Long term care insurance **does** pay for LTC.

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So, Who Pays for Long Term Care?

Long Term Care Insurance

Long Term Care Partnership Plan

Medicaid (pay down)

Self pay

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Where do we get Long Term Care today?

At home or in the community:

80% receive LTC at home

Adult Day Services

Formal & Informal Home Care

(Usually not 24-hour care)

Assisted Living Facility (“ALF”)

2% receive LTC in Assisted Living Facilities

Nursing Home (Skilled Nursing Facility)

18% receive LTC in Nursing Homes

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Do all Long Term Care insurance policies cover in-home services?

Optional—most do today

Policies may be

“facility only”

“comprehensive”

Long Term Care Insurance Payments last year

Homecare 43%

Assisted Living 33%

Nursing Home 24%

Example—Grandma and Grandson

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Cure vs. Care

1. **Grandson:**

- Health insurance would cover
- Disability insurance would cover
- Long-Term Care Partnership Insurance policy would cover

2. **Grandma:**

- Medicare would cover
- Medicaid would cover or
- Long-Term Care Partnership Insurance policy would cover

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Who pays for long-term care costs in South Dakota?*

Medicaid	59%
Private pay	34%
Medicare	6%
VA	1%

*2005 figures

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Review

Is long-term care just for older people?

Is long-term care always in a nursing home?

Does health insurance typically cover long-term care?

Should we depend on Medicare to pay for our long-term care costs?

Who pays for long-term care in my home?

Would I be able to save money and pay for my long-term care costs on my own?

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Long Term Care Partnership Policies: Consumer Friendly

- **LTCPP** are a special kind of long term care insurance
- **Medicaid Asset Protection**
- **Rates do not go up** just because we get older
- **Inflation protection** included in every policy issued at age 75 and younger
- **Individuals choose** where their care is received.
- Access to impartial assistance from care **coordinators**
- **Division of Insurance reviews** and approves policies of insurers
- **Agents** have 8 hours of **extra training**, plus 4 more hours biennially
- **“Tax qualified”**

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Partnership Policies: The Key Concept

When individuals buy a Partnership policy, they are buying a “pool of money” - the insurance company’s money - to pay for their long-term care costs.

“Pool of Money” shifts financial risk to insurance company

What is a “pool of money” or “lifetime maximum benefit”?

Examples of a “pool of money” you may currently have:

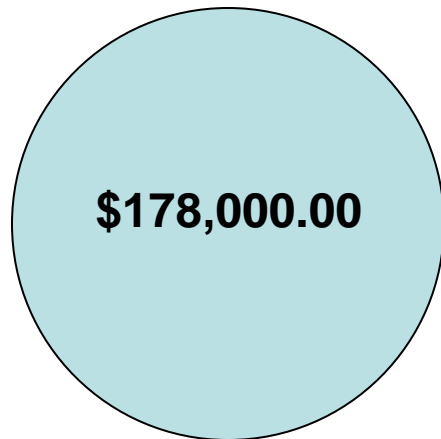
- auto/car insurance
- home owners’ or renters’ insurance
- life insurance

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Partnership Policies: How do they work?

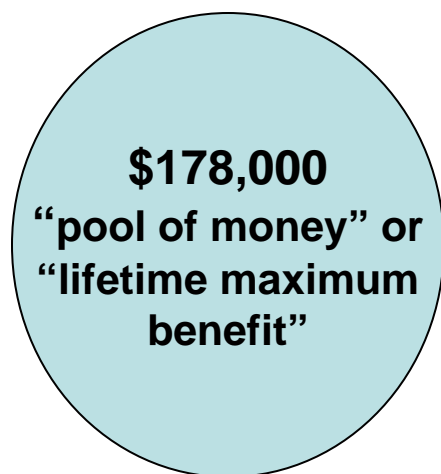
Plan for \$150 day for two years (\$110,000) with 5% inflation + 10 yrs



- Daily Benefit for Nursing Home: \$235
- Daily Benefit for Assisted Living Facility: \$117
- Daily Benefit for Home or Community Based: \$117

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Partnership Policies: How long does it pay for care?



- Pay for care until you use your pool of money
- \$235 per day for care in Nursing Home, will pay for 730 days of care= two years
- \$117 per day for Home Care or Assisted Living Facility--how long will this "pool of money" pay for care?

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Partnership Policies: Medicaid Asset Protection

- Difference between a Partnership policy and a non-Partnership policy is **Medicaid asset protection**
- When determining your eligibility for Medicaid, you keep assets up to the amount your Partnership **policy has paid in benefits**
- Protected assets retained will **not be recovered** from your estate
- All other Medicaid LTC assistance **eligibility must be met**

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Partnership Policies: Medicaid Asset Protection

	Assets	Total <u>PAID OUT</u> by Partnership policy	Amount You May Keep
Person A	\$60,000	\$60,000	\$60,000
Person B	\$200,000	\$200,000	\$200,000
Person C	\$200,000	\$100,000	\$100,000
Person D	\$1,000,000	\$300,000	\$300,000
Person F	\$175,000	\$0	\$0

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Partnership Policies: Inflation Protection

When you buy:

- Under 61 years of age, compound annual inflation protection
- 61 to 75 years of age, some inflation protection
- 76+ may (but not required) offer inflation protection

May not be less than 3% per year or = Consumer Price Index

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Is LTCi expensive?

Sample Rate for Partnership LTCi policy:

Age 50 (assuming good health):

- Lifetime maximum benefit / “pool of money”: \$106,000 (2 years)
- \$100 Daily Benefit Amount for Nursing Home and Assisted Living Center
- \$50 Daily Benefit Amount for Home Care
- 5% automatic inflation protection built in that increases benefit each year
- **Approximately \$60 monthly premium or about \$670 annually**

Age 65 (assuming good health):

- Same benefits as above
- **Approximately \$110 monthly premium or about \$1230 annually**

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When should I buy a LTC Partnership Policy?

Should I wait until I am sick?

You have to pass “underwriting” - be in reasonably good health

Should I wait until I am 65 years of age or older to buy?

Risk—need care sooner?

Underwriting

Cost

Optimum age to purchase is age 50, but:

Adults are “never to young” to buy Long Term Care Insurance!!

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Choices to make (with agent):

- Daily benefit amount
- Total “pool of money”
- Elimination period
- Maximum benefit period (1 yr-minimum, 2 yrs, 5 yrs, lifetime)
- Comprehensive or Facility only
- Unintentional lapse provision

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Review

Once I purchase a Long-Term Care Partnership policy:

Does the rate go up each year as I get older?

Do I get to choose where I receive my long-term care?

How do I find a partnership plan?

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How do I choose an insurance company?

Questions to ask:

1. Has the company ever raised rates? If yes, how many times? What percentage? (Look for never or few)
2. How old is the company? (Look for 40 years plus)
3. How many assets does the company have? (Look for \$1 billion plus)
4. What letter grade does the company get from A. M. Best (www.ambest.com)? (Look for rating in the A's)

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For More Information

South Dakota's Long Term Care Partnership Program

www.ltcpartnership.sd.gov

South Dakota Department of Social Services

Phone: 1-800-597-1603

Email: DSSInfo@state.sd.us

South Dakota Division of Insurance

Phone: 605-773-3563

Email: insurance@state.sd.us

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Thank you!!!

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